

JLBC MEETING

At its December 19th meeting, the Joint Legislative Budget Committee considered the following issues:

Arizona Learning Systems/Community Colleges

The JLBC directed the disbursement of the state-funded Arizona Learning Systems (ALS) equipment as follows: the community college districts shall retain the 10 classroom video conferencing units as proposed in their use plans, Maricopa County Community College District shall retain a Cisco 7206 router, and the University of Arizona Health Sciences Center shall obtain the remainder of the hub equipment. Pursuant to a General Appropriation Act footnote resulting from the project's limited success, ALS terminated at the end of August 2002.

Department of Corrections – The JLBC favorably reviewed the department's plan to use vacancy savings in FY 2003 to continue to provide a hiring bonus to correctional officers whose pay already includes the bonus. The Committee also recommended that the department explore using the monies appropriated for operation of the Rast Unit at the Arizona State Prison Complex – Lewis to purchase 350 additional private beds rather than open the Rast Unit.

The Committee favorably reviewed the department's Request for Proposal (RFP) for 2,200 female inmate beds. The Committee further favorably reviewed the RFP's option to expand the bed capacity by an additional 1,000 beds and to include Level 5 inmates in the privatization proposal.

Arizona Department of Administration – The JLBC did not approve the increase in mileage reimbursement for state travel by motor vehicle or the increase in lodging reimbursement rates submitted by ADOA due to concerns about how the increases would be funded.

The JLBC did not approve the ADOA implementation of self-insurance by October 1, 2003. ADOA is required by statute to implement self-insurance on approval of JLBC. ADOA plans to proceed toward self-insurance until a change is made by the full Legislature.

School Facilities Board – The JLBC did not approve an increase to the cost-per-square foot construction index factors used in the building renewal and new school construction financing formulas.

State Compensation Fund – The JLBC approved the Calendar Year (CY) 2003 operating budget of \$67,478,300. The Committee decided not to

recommend a CY 2004 budget at this time. Pursuant to statute, the JLBC is required to review and approve the operating and capital outlay budget of the State Compensation Fund.

Attorney General – The JLBC favorably reviewed the allocation plan of monies from settlements with Sears, Roebuck Company and Household Finance Corporation, and deferred review of the settlement related to Salton, Inc. and music distributors involved in antitrust litigation until more information on the specific distribution plans is available.

The JLBC favorably reviewed the allocation plan for the recent settlement with Stericycle, Inc., as well as the request to spend an additional \$266,200 out of the Antitrust Enforcement Revolving Fund to fulfill payroll and operating obligations through FY 2003.

Commission for Postsecondary Education – The JLBC approved the transfer of \$52,500 from the Family College Savings Program and College and Career Guide Special Line Items into Personal Services and Employee Related Expenses.

Arizona Department of Administration/ Government Information Technology Agency – The JLBC received a quarterly report on the progress of the Human Resources/Payroll System project. There may be a delay of implementation from April 14 to an undetermined date later in the year.

The JLBC favorably reviewed ADOA/GITA's recommendation to privatize state government's telecommunications system, pending private sector input into possible methods of conversion. Estimated savings over a 5-year period in the privatized model would be about \$41 million.

AHCCCS – The JLBC favorably reviewed a report on cost sharing measures that could be implemented by AHCCCS. AHCCCS estimates a total maximum state savings of \$14 million to \$17.3 million if all the cost sharing strategies were implemented. The Committee recommended that AHCCCS proceed with efforts to secure a federal waiver to implement cost sharing options.

Other Reports – The JLBC received written reports this month on 1) Arizona Department of Administration health insurance performance standards, 2) Attorney General's Model Court, 3) Arizona Criminal Justice Commission's Criminal Justice Enhancement Fund, 4) Department of Economic Security Children Services Program, 5) Department of Economic Security finding and

recommendations of the Developmental Disabilities Case Management Pilot Projects Committee, 6) State Land Department Fire Suppression Revolving Fund, 7) State Mine Inspector Abandoned Mines Safety Fund expenditures and contributions, 8) Department of Revenue Ladewig expenditures, and 9) Arizona Department of Transportation vehicle registration enforcement.